



Howard County Retirement Plan



Retirement Readiness Seminar

August 30, 2017

Presented by:

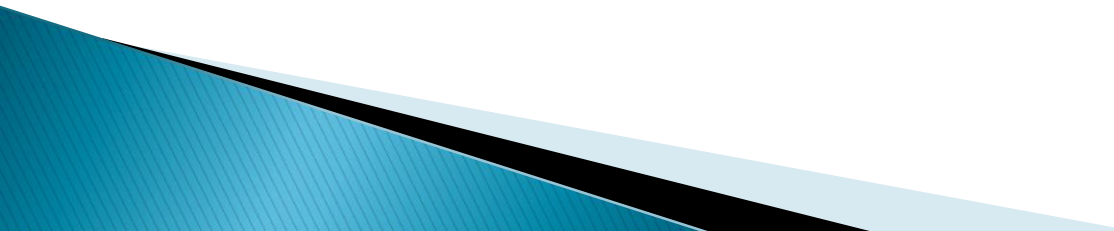
Terry Reider

Scott Southern

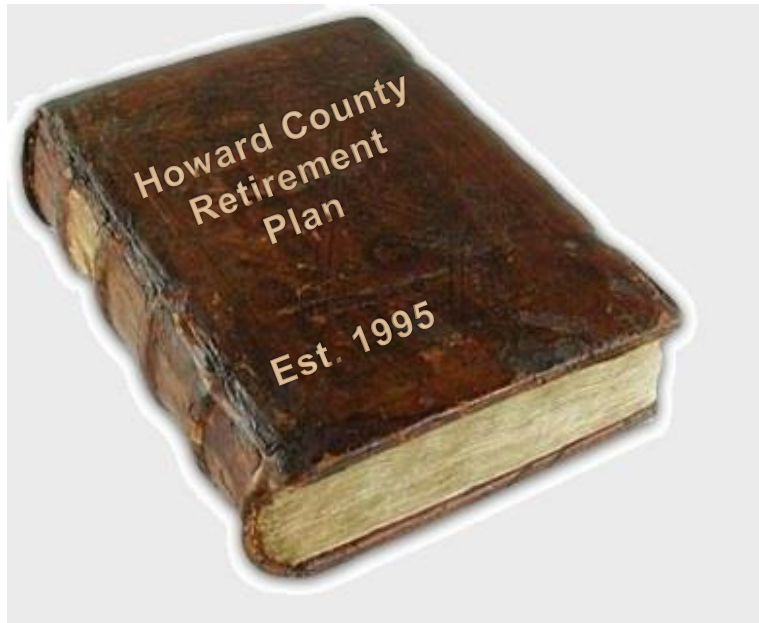
Nike Yahaya

DISCLAIMER

This presentation is intended as an overview of the retirement benefits provided for you by Howard County, and every effort has been made to ensure its accuracy. The County reserves the right to make future plan amendments. These materials are not a substitute for the official legal terms of the Retirement Plan specified in the Howard County Code. In the event of a discrepancy between this information and the County Code, the County Code will govern.



PLAN HISTORY



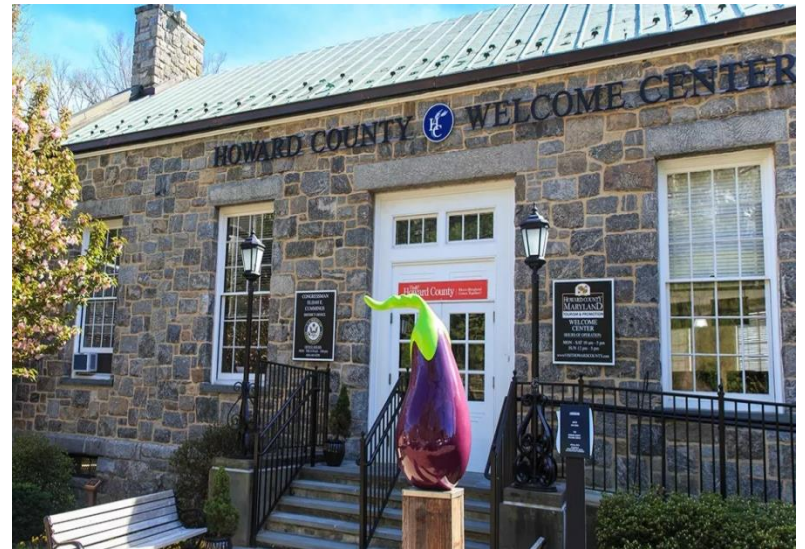
- The Howard County Retirement Plan was established in 1995.
- Employees in 1995 could stay in the MD State Retirement System or join the HCRP.
- The plan now covers approximately:
 - 1,820 County Employees, plus
 - 750 Retirees/Beneficiaries receiving a monthly check, plus
 - 180 terminated vested members
- Plan assets held in Trust to pay benefits: approx. \$390 million

PLAN FUNDING

Employee Contributions + Employer Contributions



- **3.0% of base pay**
- **8.5% for Corrections employees**



- **Actuarially determined**
- **12.4% of pay (FY 18)**

Key Definitions

Creditable Service* (HOW MUCH?)

- Determines amount of your benefits



Eligibility Service* (HOW SOON?)

- Determines Vesting
- Eligibility for normal or early retirement
- Qualification for retiree health insurance



Final Average Pay

- Highest 36 months
- Excludes bonuses & overtime
- No reduction for furlough

* Service is measured in years and complete calendar months

Eligibility for Retirement Benefits

Normal Retirement



You qualify for **Normal Retirement Benefits** on the first day of the month on or after:

- ✓ 30 Years of Eligibility Service
(20 Years for Corrections)

OR

- ✓ Age 62 with at least 5 years of service, if earlier.

Eligibility for Retirement Benefits

Early Retirement

You qualify for **Early Retirement Benefits** on the first day of the month on or after:

- ✓ 25 Years of Eligibility Service
- OR
- ✓ Age 55 with at least 15 years of service, if earlier.



Benefit Formula



•**The Multiplier is:**

- **For Corrections: 2.5% up to 20 years then 1% until 30 years**
- **For Local 3085 members: 1.66% for all years;**
- **For all other employees:**
1.55% for service before 7/1/2012, and
1.66% for service after 7/1/2012

For Early Retirement, the benefit is reduced by 0.5% for each month that early retirement date precedes normal retirement date.

Normal Retirement Benefit

Example (non-union)

**Final Average Pay = \$49,000 (annual)
\$ 4,083 (monthly)**

Age at Retirement = 62 Retirement Date = 7/1/2018

Creditable Service at Retirement = 25 years

Retirement Benefit Formula =

$$\begin{aligned} & \$4,083 \times 19 \text{ years} \times 1.55\% \\ + & \$4,083 \times 6 \text{ years} \times 1.66\% = \$1,610/\text{month} \end{aligned}$$

Note: These are gross amounts, before tax withholding.



Early Retirement Benefit

Example (non-union)

Final Average Pay = \$49,000 (annual)
\$ 4,083 (monthly)

Creditable Service at Retirement = 25 years

Retirement Date = 7/1/2018

Age at Retirement = 60 (24 months early)

Early Retirement Reduction: $24 \times .5\% = 12\%$

Early Retirement Benefit Formula =

$$\begin{aligned} & \$4,083 \times 19 \text{ years} \times 1.55\% \\ + & \$4,083 \times 6 \text{ years} \times 1.66\% = \$1,610.00/\text{month} \\ & \qquad \qquad \qquad \times \underline{88\%} \\ & \qquad \qquad \qquad \$1,416.00/\text{month} \end{aligned}$$

Note: These are gross amounts, before tax withholding.

Additional Service Credit

□ **Unused Sick Leave at Retirement**

- ▣ **Counts for Creditable Service Only**
- ▣ **22 Sick Days = 1 month of sick leave**
- ▣ **Remainder >11 = an additional month**
- ▣ **1.66% multiplier used**



□ **Pre-Employment Military Service**

- ▣ **Counts for both Eligibility and Creditable Service**
- ▣ **Must have 10 years of service**
- ▣ **Plan recognizes up to 4 years of active duty service**





HOWARD COUNTY RETIREMENT PLAN

SAMPLE STATEMENT

Statement of Your Estimated Retirement Benefits as of July 1, XXXX

Participant Name: Jane Doe
Social Security #: XXX-XX-XXXX
Date of Birth: XX/XX/XX
Enrollment Date: XX/XX/XX
Rate of Pay on July 1: \$XX,XXX.00

Service as of July 1	Creditable	Eligibility
•Membership	xx Yrs/xxMos	xx Yrs/xxMos
•Military	xx Yrs/xxMos	xx Yrs/xxMos
•Purchased/Transferred	<u>xx Yrs/xxMos</u>	<u>xx Yrs/xxMos</u>
Total	<u>xx Yrs/xxMos</u>	<u>xx Yrs/xxMos</u>

Projected Benefits as of July 1, XXXX	
•Normal Retirement Date	xx/xx/xxxx
•Estimated Monthly Benefit 1	\$xxxx.xx
•Estimated Monthly Benefit 2	\$xxxx.xx

Your Contributions

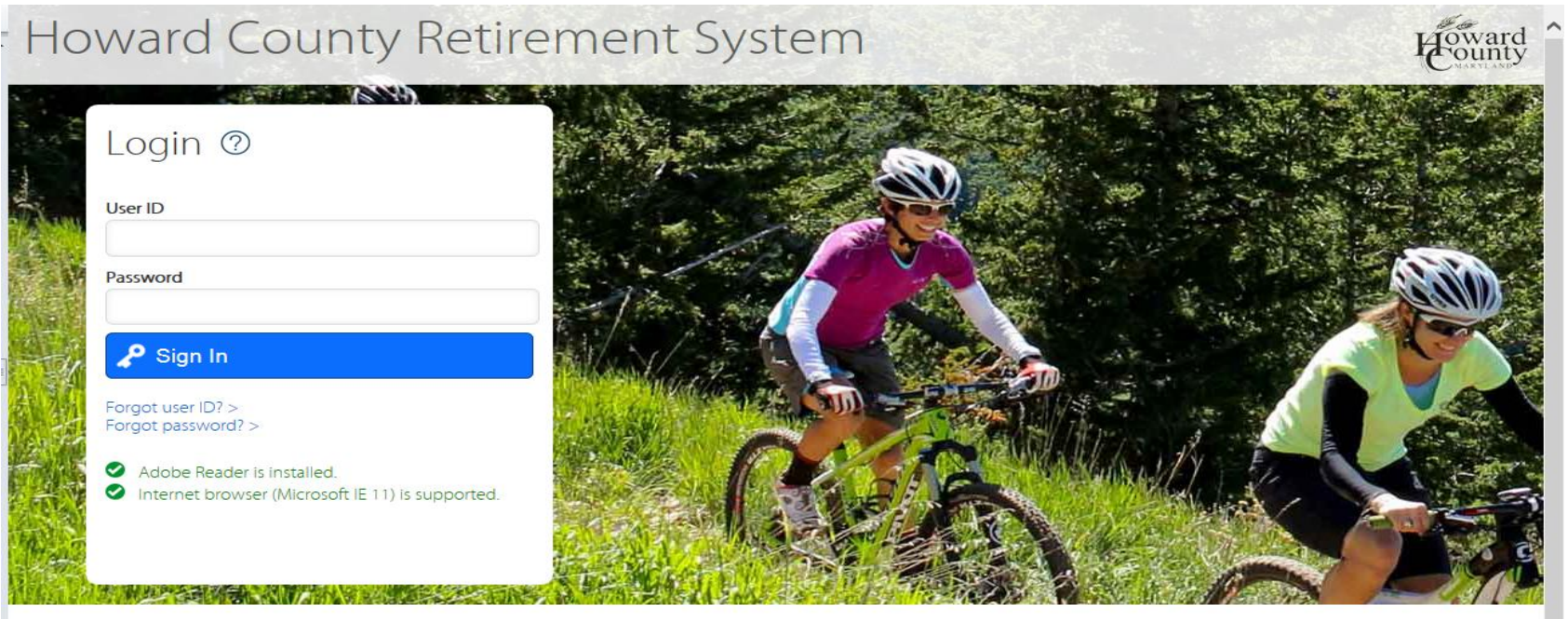
During the past year

•Contribution	\$xx.xx
•Transfers	xx.xx
•Interest	xx.xx
Total	\$XXX.XX

Cumulative

Pre-tax contributions	\$xx.xx
After-tax contributions	xx.xx
Transfers	xx.xx
Interest	<u>xx.xx</u>
Total	\$XXX.XX

Online Portal



The online portal can be accessed from any computer, tablet, or smart phone by going to:

<https://www.mypensionbenefit.com/Default.aspx?co=howard>

Portal Home Page

The screenshot shows the Howard County Pension Portal interface. At the top, it displays the user's name 'User: Southern, Scott T (Participant)' and a 'Logout' button. Below this is the main header 'Howard County Pension Portal' and a breadcrumb trail 'Howard County Retirement Plan > Southern, Scott T (Active)'. A 'Menu' section contains five buttons: 'Home Page' (house icon), 'Participant Data' (person icon), 'Benefit Calculation' (calculator icon), 'Pension Documents' (document icon), and 'My Security' (lock icon). To the right, a 'Quick Links' section lists seven items, each with a document icon: 'Designation of Beneficiary Form', 'Military Service Form', 'Transfer Service Form', 'Optional Benefit Forms (Married)', 'Optional Benefit Forms (Single)', 'Summary of the Howard County Retirement Plan', and 'Latest Benefit Statement'. Three large orange arrows point upwards from the bottom of the page towards the 'Menu' and 'Quick Links' sections. The first arrow on the left is labeled 'Online Statements' and points towards the 'Pension Documents' button. The middle arrow is labeled 'Estimate Calculator' and points towards the 'Benefit Calculation' button. The third arrow on the right is labeled 'Plan Documents and Forms' and points towards the 'Quick Links' section.

User: Southern, Scott T (Participant) Logout

Howard County Pension Portal

Howard County Retirement Plan > Southern, Scott T (Active)

Menu

- Home Page
- Participant Data
- Benefit Calculation
- Pension Documents
- My Security

Quick Links

- Designation of Beneficiary Form
- Military Service Form
- Transfer Service Form
- Optional Benefit Forms (Married)
- Optional Benefit Forms (Single)
- Summary of the Howard County Retirement Plan
- Latest Benefit Statement

Online Statements

Estimate Calculator

Plan Documents and Forms

Online Calculator

PlusWeb Contribution Summary Howard County Govern... Home - Retirement Plan ... ADP Enterprise HR V5 Log... Maryland State Retiremen... Statements Howard County Retireme...

User: Southern, Scott T (Participant) Logout

Howard County Pension Portal

Howard County Retirement Plan ▶ Southern, Scott T (Active)

Benefit Calculation ▼

What is your actual or expected last day of employment? ⓘ

Termination Age/Date: ☒ Fixed Age ☐ Fixed Date

When do you want to begin receiving pension benefits? ⓘ

Pension Start Age/Date: ☒ Fixed Age ☐ Fixed Date

Who do you plan to designate as your beneficiary, where applicable? ⓘ

Relationship to you: Date of Birth:

If calculating after today, assume the following: ⓘ

Expected Annual Pay Increases: %

☐ I understand and agree to the following [Terms and Conditions](#)

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- Four Quick Questions
- Projecting Salary increase
- Estimates can be stored

At Retirement

Benefit Payment Options

You will elect your form of payment from the choices below:

- 1. Life Only Annuity (Basic Option)**
- 2. 50% Joint and Survivor***
- 3. 100% Joint and Survivor***
- 4. 50% Pop Up***
- 5. 100% Pop Up***
- 6. Guaranteed Return of Accrued Benefit**
- 7. Guaranteed Return of Employee Contributions**

** For married retirees only*

At Retirement

Examples of Optional Forms

Life Only Annuity- \$1,610

payable for your lifetime and stops upon your death

50% Joint and Survivor- \$1,490

payable for your lifetime with 50% (\$745) payable to spouse after your death

100% Joint and Survivor- \$1,380

payable for your lifetime with 100% (\$1,380) payable to spouse after your death

Amounts are illustrative only and assume that retiree and spouse are the same age; actual amounts are actuarially determined at retirement based on the exact age of you and your spouse.

At Retirement

Examples of Optional Forms

(continued)

50% Pop Up - \$1,460

payable for your lifetime with 50% (\$730) payable to spouse after your death. Your benefit pops up to \$1610 if spouse dies or if you divorce.

100% Pop Up - \$1,340

payable for your lifetime with 100% (\$1,340) payable to spouse after your death. Your benefit pops up to \$1,610 if spouse dies or if you divorce.

Return of Accrued Benefit Option - \$1,530

payable for your lifetime with a guarantee of \$240,000 total payments. Any remainder is paid to beneficiary.

Amounts are illustrative only and assume that retiree and spouse are the same age; actual amounts are actuarially determined at retirement based on the exact age of you and your spouse.

The Retirement Process

- **Notify your supervisor at least 2 weeks in advance.**
- **Make an appointment with the retirement team 4 to 6 weeks before the date of retirement to complete required paperwork:**
 - ✓ **Option Election form***
 - ✓ **Direct deposit**
 - ✓ **Tax withholding**
 - ✓ **Health insurance election**

** Option cannot be changed once payments commence.*

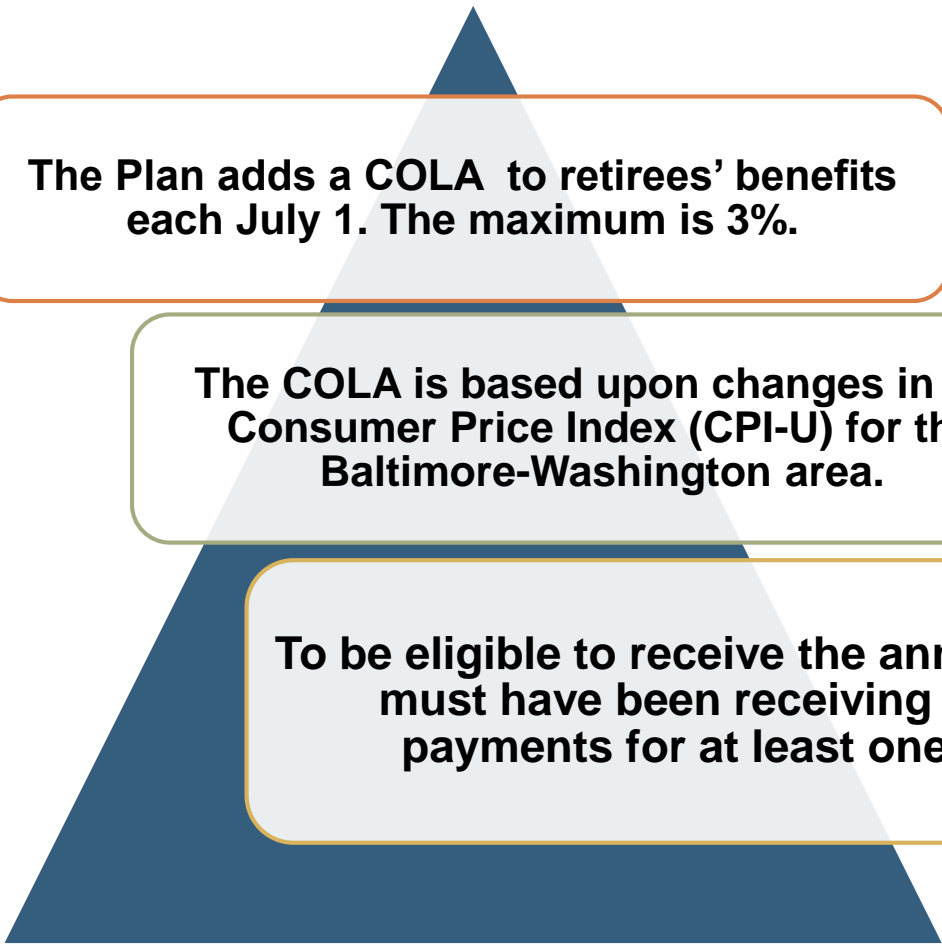


Payments

- Pension checks are paid on the first business day of the month.
- Annual leave and comp time are paid out on the final regular paycheck.
- Personal time is not paid out.
- Final County paycheck is a paper check mailed to your home address.



COST OF LIVING ADJUSTMENT (COLA)



The Plan adds a COLA to retirees' benefits each July 1. The maximum is 3%.

The COLA is based upon changes in the Consumer Price Index (CPI-U) for the Baltimore-Washington area.

To be eligible to receive the annual COLA, you must have been receiving retirement payments for at least one full year.



RETIREE HEALTH INSURANCE

RETIREE HEALTH INSURANCE

ELIGIBILITY REQUIREMENTS:

- **Must retire directly from active employment (no gap between last day of work and 1st day of retirement)**
- **Must be enrolled in County's health insurance as an active employee at time of retirement.**
- **Must have 15 years of full time benefitted service with Howard County**
- **For employees hired between July 1, 1999 and June 30, 2009 who were 50 or older at hire, the service requirement is 10 years.**



RETIREE HEALTH INSURANCE

(CONTINUED)

MEDICAL PLANS:(includes vision, prescription)

- For pre-Medicare retirees (same as for employees)
 - Aetna: PPO or Open Access Select
 - Kaiser Permanente HMO
- For Medicare-eligible retirees
 - Aetna Medicare Advantage (2 choices)
 - Kaiser Permanente Medicare Plus

MUST BE ENROLLED IN MEDICARE PART A AND PART B

DENTAL PLANS:

- Delta Dental
- Dominion Dental



RETIREE HEALTH INSURANCE

(CONTINUED)

- **County pays % of individual medical premium based on years of service at retirement:**

**Eligibility Service
at Retirement**

County Pays

less than 20

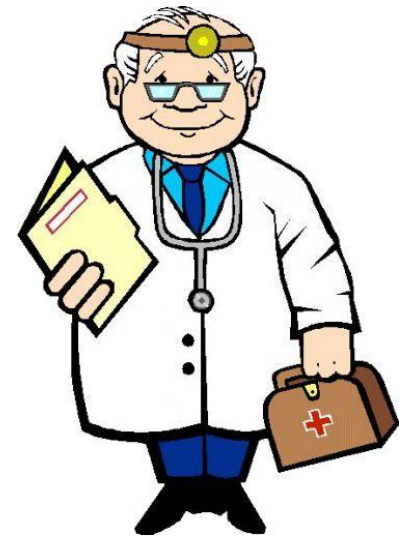
50%

20-24

75%

25+

90%



- **Deductions taken from retirement check.**
- **One time opt-out permitted.**
- **Dental insurance, spousal insurance available (extra cost)**
- **Cost for PPO plan is slightly higher.**

NOTE: For participants with 25 years of service at 7/1/2009 who retire with 30 or more years of county service, the county pays 100% of premium.

RETIREE HEALTH INSURANCE

SAMPLE MONTHLY RATES FOR 2017

Retiree / spouse under age 65	Full Premium	YEARS AT RETIREMENT		
		<u>Under 20</u> 50%	<u>20-25</u> 75%	<u>25+</u> 90%
<u>Aetna Select Open Access:</u>				
Retiree only	\$576.96	\$288.48	\$144.24	\$57.70
Retiree + Child(ren)	\$1,078.92	\$709.44	\$646.20	\$559.66
Retiree + spouse	\$1,327.01	\$867.99	\$723.75	\$637.21
Family	\$1,707.82	\$1,248.80	\$1,104.56	\$1,018.02

	Retiree only	Retiree + spouse	Family
Delta Dental	\$29.85	\$70.17	\$87.92
Dominion Dental	\$9.75	\$18.25	\$25.33

Additional Information and Resources



HOWARD COUNTY
MARYLAND

Allan H. Kittleman, County Executive

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Departments

Retirement Plan Summaries

Howard County Office of Human
Resources

Mailing Address

3430 Court House Drive
Ellicott City, MD 21043

Physical Location

8930 Stanford Boulevard
Columbia, MD 21045

Phone: 410-313-2033

[General/Correctional Employees Plan](#)

[Police and Fire Plan](#)

[Deferred Retirement Option Plan \(DROP\)](#) for Police and Fire

[Retiree Health Insurance Summary](#)

[2017 Retiree Health Insurance Rates:](#)

- [Medical rates for retirees under 65](#)
- [Medical rates for retirees over 65](#) (Medicare-eligible)
- [Dental rates](#)



Found in the
Human
Resources
section on the
County Website.

AS YOU APPROACH RETIREMENT



- **Contact Howard County Retirement personnel to request a current estimate of your Retirement Plan benefit. (Estimates will be provided only within 12 months of retirement.)**
- **Depending on your age, contact the local Social Security Office (or go to www.ssa.gov) for information on Social Security and Medicare benefits.**
- **Make an appointment with the Nationwide Retirement Specialist to discuss options for deferred compensation money.**

QUESTIONS?

